

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2005**

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2005**

**TABLE OF CONTENTS**

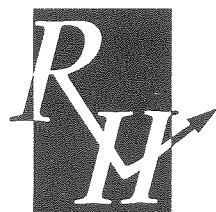
	<u>Page No.</u>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis (Unaudited) .....	3 - 11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	17
Statement of Net Assets - Proprietary Fund .....	18
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund.....	19
Statement of Cash Flows - Proprietary Fund.....	20
Notes to Financial Statements.....	21 - 34
<b>SUPPLEMENTARY INFORMATION SECTION</b>	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	35 - 36

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2005**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>SUPPLEMENTARY INFORMATION SECTION (CONCLUDED)</b>	
Schedule of Findings and Questioned Costs.....	37
Schedule of Prior Audit Findings .....	38
Schedule of Principal Taxpayers - Tax Year 2005 (Unaudited).....	39
Schedule of Insurance Coverage (Unaudited) .....	40
Cargo Traffic Statistics (Unaudited).....	41 - 46

**FINANCIAL SECTION**



"Pointing The Way to Success"

## Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants  
Financial Consultants  
Business Advisors

-1-

### INDEPENDENT AUDITORS' REPORT

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Board of Commissioners  
Calhoun County Navigation District  
Point Comfort, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Calhoun County Navigation District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Calhoun County Navigation District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Calhoun County Navigation District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof, and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2005, on our consideration of Calhoun County Navigation District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calhoun County Navigation District's basic financial statements. The schedules and graphs on pages 39 through 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules and graphs on pages 39 through 46 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Roloff, Hnatek and Co. L.L.P.*

Certified Public Accountants

August 30, 2005

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

As management of the Calhoun County Navigation District, Calhoun County, Texas ("District"), we offer readers as an introduction to the District's financial statements, this narrative overview and analysis of the District's activities and financial performance for the year ended June 30, 2005. This discussion and analysis is designed to assist the reader in concentrating on the significant financial issues and activities and to identify any significant changes in financial position. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- The net assets of the District at June 30, 2005 were \$99,823,703. Of this amount, \$7,333,505 are unrestricted net assets.
- The District's total net assets increased \$1,039,121, or 1%, over the prior year.
- The District again had no outstanding debt during fiscal year 2005, other than debt fully guaranteed by BP Amoco Chemical Company.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements of the District consist of three parts, management's discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how the general government services were financed in the short term as well as what remains for future spending.
- *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses, such as the AN/NH3 Facility.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

Table A-1 on the following page summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.



**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

**Table A-1. Major Features of the District's Government-wide and Fund Financial Statements**

Features	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District's government (except fiduciary funds) and the District's component unit	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses; AN/NH3 Facility
Required financial statements	Statement of net assets	Balance Sheet	Statement of net assets
	Statement of activities	Statement of revenues, expenditures, and changes in fund balances	Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

### **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets are the difference between the District's assets and liabilities, and are one way to measure the District's financial health or position.

- Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as the District's customer base.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

The government-wide financial statements of the District include the *governmental activities*. Most of the District's basic services are included here, such as wharfage, dockage, and any other charges relating to the transfer of product across the District's docks and pier.

The government-wide statements include not only the District, but also one legally separate blended component unit, the Calhoun County Navigation Industrial Development Authority ("CCNIDA").

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds and not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Commissioners establishes other funds to control and manage money for particular purposes, or to show that it is properly using grants.

The District has the following kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted into cash flow in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's operations. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Enterprise funds - The District accounts for its storage fees, and related expenses, for the ANN/NH3 Facility in an enterprise fund, providing both short-term and long-term financial information.

**Other Information**

In addition to the financial statements and accompanying notes, this report also presents certain *supplementary information*, along with port statistics. Statistical information presented on a multi-year basis and other information including disclosures for compliance with the Securities and Exchange Commission Rule 15c2-12 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Statistical and other information can be found on pages 39 through 46 of this report.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

**FINANCIAL ANALYSIS**

One fundamental question that is most asked of business is, as a whole "Are you better off or worse off as a result of the year's activities?" The statement of net assets, and the statement of activities, report information about the District's activities in a way that should help answer this question. These two statements report the net assets of the District and changes in them. The District's net assets (the difference between assets and liabilities) can be thought of as a way to measure financial health of the District. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other information that is non-financial in nature, such as changes in economic conditions, global market trends, population growth, regulations and new or changed government legislation.

**Statement of Net Assets**

The statement of net assets serves as a useful indicator over time of the District's financial position. It distinguishes assets and liabilities as to their expected use for current operation, restricted and capital investment. The District's assets exceeded its liabilities at the close of fiscal year 2005 by \$99,823,703. The following condensed Statement of Net Assets provides an overview of the District's net assets as of June 30, 2005 and 2004.

	Governmental Activities		Business-type Activities		Total *		Change 2005 - 2004
	2005	2004	2005	2004	2005	2004	
<b>Assets:</b>							
Current Assets	\$ 6,799,355	\$ 6,876,509	\$ 1,453,855	\$ 1,405,029	\$ 8,253,210	\$ 8,281,538	\$ (28,328)
Restricted Assets	-0-	-0-	239,853	387,168	239,853	387,168	(147,315)
Internal Receivables	32,400,000	32,400,000	-0-	-0-	*	*	-0-
Capital Assets	97,281,450	95,305,882	27,368,895	28,206,076	124,650,345	123,511,958	1,138,387
Total Assets	136,480,805	134,582,391	29,062,603	29,998,273	133,143,408	132,180,664	962,744
<b>Liabilities:</b>							
Current Liabilities	487,322	439,085	432,383	556,997	919,705	996,082	(76,377)
Internal Payables	-0-	-0-	32,400,000	32,400,000	*	*	-0-
Long-term Debt, Net of Current Portion	32,400,000	32,400,000	-0-	-0-	32,400,000	32,400,000	-0-
Total Liabilities	32,887,322	32,839,085	32,832,383	32,956,997	33,319,705	33,396,082	(76,377)
<b>Net Assets:</b>							
Invested in Capital Assets, Net of Related Debt	97,281,450	95,305,882	(5,031,105)	(4,193,924)	92,250,345	91,111,958	1,138,387
Restricted	-0-	-0-	239,853	387,168	239,853	387,168	(147,315)
Unrestricted	6,312,033	6,437,424	1,021,472	848,032	7,333,505	7,285,456	48,049
Total Net Assets	\$ 103,593,483	\$ 101,743,306	\$ (3,769,780)	\$ (2,958,724)	\$ 99,823,703	\$ 98,784,582	\$ 1,039,121

\* After internal receivables and payables have been eliminated.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

By far, the largest portion of the District's net assets reflect its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less the remaining balance of the related debt used to acquire those assets. The District uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any debt must be provided from other sources since the capital assets cannot be used to liquidate any liabilities the District may have.

An additional portion of the District's net assets (\$239,853) represents resources that are subject to external restrictions on how they may be used under bond resolutions. The remaining balance of unrestricted net assets (\$7,333,505) may be used to meet the District's ongoing obligations to employees and creditors.

### Statement of Activities

The statement of activities serves as a measure to determine how successful the District was during the past year in recovering its costs through user fees and other charges, as well as its profitability and credit worthiness. The following condensed statement of activities summarizes the operations of the District for the years ended June 30, 2005 and 2004.

	Governmental Activities		Business-type Activities		Total *		Change 2005 - 2004
	2005	2004	2005	2004	2005	2004	
<b>Revenues:</b>							
Charges for Services	\$ 2,116,159	\$ 2,286,640	\$ 3,474,327	\$ 2,776,777	\$ 5,590,486	\$ 5,063,417	\$ 527,069
Capital Grants and Contributions	132,376	575,993	-0-	-0-	132,376	575,993	(443,617)
General Revenues	<u>2,661,481</u>	<u>971,917</u>	<u>20,266</u>	<u>26,133</u>	<u>2,681,747</u>	<u>998,050</u>	<u>1,683,697</u>
Total Revenues	<u>4,910,016</u>	<u>3,834,550</u>	<u>3,494,593</u>	<u>2,802,910</u>	<u>8,404,609</u>	<u>6,637,460</u>	<u>1,767,149</u>
							<i>used for Hugh Wood Insurance review - 2-4-10 E.H.</i>
<b>Expenses:</b>							
Port Operations	2,507,365	1,810,443	-0-	-0-	2,507,365	1,810,443	696,922
Administration	552,474	504,777	-0-	-0-	552,474	504,777	47,697
AN/NH3 Facility	<u>-0-</u>	<u>-0-</u>	<u>4,305,649</u>	<u>3,402,083</u>	<u>4,305,649</u>	<u>3,402,083</u>	<u>903,566</u>
Total Expenses	<u>3,059,839</u>	<u>2,315,220</u>	<u>4,305,649</u>	<u>3,402,083</u>	<u>7,365,488</u>	<u>5,717,303</u>	<u>1,648,185</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ 1,850,177</u>	<u>\$ 1,519,330</u>	<u>\$ (811,056)</u>	<u>\$ (599,173)</u>	<u>\$ 1,039,121</u>	<u>\$ 920,157</u>	<u>\$ 118,964</u>

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**YEAR ENDED JUNE 30, 2005**

**Charges for Services - Governmental Activities**

Charges for services in governmental activities in 2005 decreased by \$170,481, or 7%, from 2004. The decrease was primarily due to a decline in liquid bulk chemical and fertilizer cargo tonnage that moved across the District's docks. The following table summarizes charges for services in governmental activities, by type.

	2005	2004	Change
General Cargo Dock - Chemicals	\$ 395,704	\$ 381,062	\$ 14,642
General Cargo Dock - Fertilizer	42,967	60,410	(17,443)
General Cargo Dock - Other	185,524	189,836	(4,312)
Liquid Pier North	406,007	533,346	(127,339)
Liquid Pier South	404,931	389,893	15,038
Barge Berths 1-6	350,172	429,111	(78,939)
Security Fees	204,747	185,447	19,300
Other Fees	126,107	117,535	8,572
<b>Total Charges for Services - Governmental Activities</b>	<b>\$ 2,116,159</b>	<b>\$ 2,286,640</b>	<b>\$ (170,481)</b>

**General Revenues - Governmental Activities**

During 2005, there was a significant increase in governmental activities general revenues. This increase is due to the sale of the light fuel oil obtained in the Joslin Plant purchase. The light fuel oil was sold for approximately \$1,420,000.

**Expenses - Governmental Activities**

Expenses for governmental activities in 2005 increased by \$744,619, or 32%, over 2004. This increase can be attributed to major maintenance repairs, Joslin Plant expenditures, and expenditures for increased security. In addition, depreciation expense increased due to the placing of new assets in service. Some of the more significant capital assets placed in service included the building back-up power supply system and security equipment. The following table breaks down operating expenses by functional group.

	2005	2004	Change
Port Operations	\$ 2,507,365	\$ 1,810,443	\$ 696,922
Administration	552,474	504,777	47,697
<b>Total Expenses - Governmental Activities</b>	<b>\$ 3,059,839</b>	<b>\$ 2,315,220</b>	<b>\$ 744,619</b>

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**YEAR ENDED JUNE 30, 2005**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its general fund budget several times. Amendments were made to several revenue and expenditure categories based on the District's best estimates at the time the amendments were made. The most significant amendment related to the sale of the light fuel oil obtained in the Joslin Plant purchase. With these amendments, actual revenues were \$70,259 below, and actual expenditures were \$311,036 below, total final budgeted amounts. These significant variances are primarily due to uncertainties related to the number of vessels estimated to dock, the length of stay of the vessels, changes in personnel in the maintenance and operations areas, estimating the increased cost of security for the vessels, estimating the increases in the costs of electricity and insurance, and other complex variables.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets as of June 30, 2005 amounts to \$124,650,345 (net of accumulated depreciation). This investment in capital assets includes port facilities, machinery and equipment, property, buildings, furniture, equipment, and construction in progress, if any. This amount represents a net increase (including additions, deletions, and depreciation expense) of \$1,138,387, or 1%, over 2004. Additional information regarding the District's capital assets can be found in Note 5 to the financial statements on pages 28 and 29. The following table summarizes the District's capital assets (net of accumulated depreciation) as of June 30, 2005 and 2004.

	2005	2004	Change
<b>Capital Assets, not being depreciated</b>			
Land	\$ 1,151,271	\$ 783,548	\$ 367,723
Infrastructure	93,656,397	92,345,385	1,311,012
<b>Subtotal</b>	<b>94,807,668</b>	<b>93,128,933</b>	<b>1,678,735</b>
<b>Capital Assets, being depreciated</b>			
Buildings	1,126,967	1,091,160	35,807
Equipment	1,393,499	1,203,095	190,404
Infrastructure	27,322,211	28,088,770	(766,559)
<b>Subtotal</b>	<b>29,842,677</b>	<b>30,383,025</b>	<b>(540,348)</b>
<b>Total Net Capital Assets</b>	<b>\$124,650,345</b>	<b>\$123,511,958</b>	<b>\$ 1,138,387</b>

Major capital asset events during 2005 include the following:

- Land Purchases
- Security Enhancements

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

**Long-term Debt**

As of June 30, 2005, the District had long-term debt outstanding of \$32,400,000. This amount is comprised of general revenue bonds and is fully guaranteed by BP Amoco Chemical Company. Additional information regarding the District's long-term debt can be found in Note 6 to the financial statements on pages 29 through 31. The following table summarizes the District's long-term debt outstanding as of June 30, 2005 and 2004.

	2005	2004	Change
General Revenue Bonds	\$ 32,400,000	\$ 32,400,000	\$ -0-
<b>Total Long-term Debt</b>	<b>\$ 32,400,000</b>	<b>\$ 32,400,000</b>	<b>\$ -0-</b>

**ECONOMIC OUTLOOK**

The basic financial statements emphasize the District's intent to recover the costs of its activities through its user fees and other charges. The results for 2005 were affected by a slight decrease in the movement of liquid bulk chemical cargos. However, the District experienced increased revenues due to the sale of light fuel oil. Because of 9-11, security costs have increased dramatically due to the effects of mandated security requirements. The District has been successful in securing some federal funding to assist with the increased costs associated with the new security regulations. The District continues to actively seek additional federal funding sources to provide for a safer and more secure environment in which to conduct its activities.

The District has budgeted about \$1,300,000 for capital improvements during the fiscal year ending June 30, 2006.

Adjacent to the port facility is an electricity generation plant that has not been in operation for several years. In July 2004, the District purchased the plant, and surrounding 170 acres, from E. S. Joslin, LP for \$50,000. In January 2005, an outside party signed an option to purchase the facility. If exercised, the purchase price will be \$15,000,000. In addition, the District will be obligated, at its sole expense, to construct a dock to accommodate the needs of the new owner. During the option period, the District is receiving an option fee of \$15,000 per month. The extent of environmental remediation, if any, has not yet been fully determined.

In October 2004, the District entered into an interim financing agreement with Gulf Coast LNG Partners, LP, whereby Gulf Coast is leasing a potential project site from the District for \$4,166.67 per month. If the project comes to fruition, a liquefied natural gas (or LNG) storage and/or operation facility will be constructed on the District's property. The cost of the project could be as much as \$450,000,000. If built, the financing and leasing arrangement is expected to be similar to that described in Note 6 on pages 29 through 31.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2005**

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information, including separately issued financial statements of the component unit, should be addressed to the District's Port Director, P.O. Box 397, Point Comfort, Texas 77978.



## **BASIC FINANCIAL STATEMENTS**

**CALHOUN COUNTY NAVIGATION DISTRICT**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total <sup>+</sup></u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,447,027	\$ 1,139,176	\$ 7,586,203
Accounts Receivable	206,976	302,374	509,350
Property Taxes Receivable	5,359	--	5,359
Due From Federal Government	132,376	--	132,376
Prepaid Expenses	7,617	12,305	19,922
Internal Receivables	32,400,000	--	--
Restricted Cash	--	239,853	239,853
Capital Assets, Net of Accumulated Depreciation	<u>97,281,450</u>	<u>27,368,895</u>	<u>124,650,345</u>
Total Assets	<u>136,480,805</u>	<u>29,062,603</u>	<u>133,143,408</u>
<b>LIABILITIES</b>			
Accounts Payable	302,035	39,632	341,667
Deferred Revenue	179,928	392,751	572,679
Deferred Property Tax Revenue	5,359	--	5,359
Internal Payables	--	32,400,000	--
Noncurrent Liabilities Due in More Than One Year	<u>32,400,000</u>	<u>--</u>	<u>32,400,000</u>
Total Liabilities	<u>32,887,322</u>	<u>32,832,383</u>	<u>33,319,705</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt (Deficit)	97,281,450	(5,031,105)	92,250,345
Restricted for Capital Improvements	--	239,853	239,853
Unrestricted	<u>6,312,033</u>	<u>1,021,472</u>	<u>7,333,505</u>
Total Net Assets	<u>\$ 103,593,483</u>	<u>\$ (3,769,780)</u>	<u>\$ 99,823,703</u>

<sup>+</sup> After internal receivables and payables have been eliminated.

The accompanying notes are an integral part of the financial statements.

# CALHOUN COUNTY NAVIGATION DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2005

Functions/Programs	Program Revenues		Capital		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
Port Operations	\$ 2,507,365	\$ 2,116,159	\$ 132,376		\$ (258,830)	\$ --	\$ (258,830)
Administration	552,474	--	--		(552,474)	--	(552,474)
Total Governmental Activities	<u>3,059,839</u>	<u>2,116,159</u>	<u>132,376</u>		<u>(811,304)</u>	<u>--</u>	<u>(811,304)</u>
Business-type Activities:							
AN/NH3 Facility	<u>4,305,649</u>	<u>3,474,327</u>	<u>--</u>		<u>--</u>	<u>(831,322)</u>	<u>(831,322)</u>
Total Primary Government	<u>\$ 7,365,488</u>	<u>\$ 5,590,486</u>	<u>\$ 132,376</u>		<u>(811,304)</u>	<u>(831,322)</u>	<u>(1,642,626)</u>
General Revenues:							
Property Taxes					88,692	--	88,692
Leases and Easements					411,250	--	411,250
Sale of Light Fuel Oil					1,420,154	--	1,420,154
Interest Income					735,295	26,356	761,651
Transfers					6,090	(6,090)	--
Total General Revenues and Transfers					<u>2,661,481</u>	<u>20,266</u>	<u>2,681,747</u>
Change in Net Assets					1,850,177	(811,056)	1,039,121
Net Assets - Beginning					101,743,306	(2,958,724)	98,784,582
Net Assets - Ending					<u>\$ 103,593,483</u>	<u>\$ (3,769,780)</u>	<u>\$ 99,823,703</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

	<u>General</u>	<u>Industrial Development Authority</u>	<u>Jetty Feasibility Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 6,271,170	\$ 227	\$ 146,133	\$ 29,497	\$ 6,447,027
Property Taxes Receivable	5,359	--	--	--	5,359
Accounts Receivable	206,976	--	--	--	206,976
Prepaid Expenses	7,617	--	--	--	7,617
Due From Other Funds	165,470	--	--	--	165,470
Receivables From Other Governments	--	--	--	132,376	132,376
Advances to Other Fund	--	32,400,000	--	--	32,400,000
Total Assets	<u>\$ 6,656,592</u>	<u>\$ 32,400,227</u>	<u>\$ 146,133</u>	<u>\$ 161,873</u>	<u>\$ 39,364,825</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 302,035	\$ --	\$ --	\$ --	\$ 302,035
Due to Other Funds	--	--	--	165,470	165,470
Deferred Property Tax Revenues	5,359	--	--	--	5,359
Deferred Lease Revenues	<u>179,928</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>179,928</u>
Total Liabilities	<u>487,322</u>	<u>--</u>	<u>--</u>	<u>165,470</u>	<u>652,792</u>
Fund Balances:					
Unreserved, Reported in:					
General Fund	6,169,270	--	--	--	6,169,270
Special Revenue Fund	--	32,400,227	--	--	32,400,227
Capital Projects Fund	<u>--</u>	<u>--</u>	<u>146,133</u>	<u>(3,597)</u>	<u>142,536</u>
Total Fund Balances	<u>6,169,270</u>	<u>32,400,227</u>	<u>146,133</u>	<u>(3,597)</u>	<u>38,712,033</u>
Total Liabilities and Fund Balances	<u>\$ 6,656,592</u>	<u>\$ 32,400,227</u>	<u>\$ 146,133</u>	<u>\$ 161,873</u>	

Amounts reported for governmental activities in  
the statement of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and, therefore,  
are not reported in the funds.

97,281,450

Long-term liabilities, including bonds payable,  
are not due and payable in the current period  
and, therefore, are not reported in the funds.

(32,400,000)

Net assets of governmental activities

\$ 103,593,483

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Industrial Development Authority</u>	<u>Jetty Feasibility Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Harbor Operating Income	\$ 2,116,159	\$ --	\$ --	\$ --	\$ 2,116,159
Non-Harbor Operating Income	1,802,237	--	--	29,167	1,831,404
Taxes	88,692	--	--	--	88,692
Interest	134,782	14	1,450	599,049	735,295
Federal Revenue	--	--	--	132,376	132,376
Total Revenues	<u>4,141,870</u>	<u>14</u>	<u>1,450</u>	<u>760,592</u>	<u>4,903,926</u>
Expenditures:					
Current:					
Administrative:					
Personnel Costs	309,827	--	--	--	309,827
Other	214,408	388	303	252	215,351
Maintenance and Operations	1,140,600	--	--	--	1,140,600
Security	188,455	--	--	--	188,455
Utilities	262,887	--	--	--	262,887
Insurance	109,964	--	--	--	109,964
Other	37,722	25,000	--	--	62,722
Debt Service - Interest	--	--	--	598,967	598,967
Capital Outlay	<u>1,331,137</u>	<u>--</u>	<u>650,027</u>	<u>165,470</u>	<u>2,146,634</u>
Total Expenditures	<u>3,595,000</u>	<u>25,388</u>	<u>650,330</u>	<u>764,689</u>	<u>5,035,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>546,870</u>	<u>(25,374)</u>	<u>(648,880)</u>	<u>(4,097)</u>	<u>(131,481)</u>
Other Financing Sources (Uses):					
Transfers In	6,090	500	554,500	500	561,590
Transfers Out	<u>(555,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(555,500)</u>
Total Other Financing Sources (Uses)	<u>(549,410)</u>	<u>500</u>	<u>554,500</u>	<u>500</u>	<u>6,090</u>
Net Change in Fund Balances	(2,540)	(24,874)	(94,380)	(3,597)	(125,391)
Fund Balance, Beginning of Year	<u>6,171,810</u>	<u>32,425,101</u>	<u>240,513</u>	<u>-0-</u>	<u>38,837,424</u>
Fund Balance, End of Year	<u>\$ 6,169,270</u>	<u>\$ 32,400,227</u>	<u>\$ 146,133</u>	<u>\$ (3,597)</u>	<u>\$ 38,712,033</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds (page 15) \$ (125,391)

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$2,146,634) exceeded depreciation (\$171,066) in the current period.

1,975,568

Change in net assets of governmental activities (page 13) \$ 1,850,177

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

**YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Harbor Operating Income	\$ 2,516,400	\$ 2,068,579	\$ 2,116,159	\$ 47,580
Non-Harbor Operating Income	224,211	1,928,550	1,802,237	(126,313)
Taxes	90,000	90,000	88,692	(1,308)
Bond Issue Fees	25,000	--	--	--
Interest	125,000	125,000	134,782	9,782
Reimbursements	35,325	--	--	--
Total Revenues	<u>3,015,936</u>	<u>4,212,129</u>	<u>4,141,870</u>	<u>(70,259)</u>
Expenditures:				
Administrative:				
Personnel Costs	306,836	311,962	309,827	2,135
Other	272,500	282,500	214,408	68,092
Maintenance and Operations	1,069,868	1,206,588	1,140,600	65,988
Security	129,000	139,000	188,455	(49,455)
Utilities	259,200	261,700	262,887	(1,187)
Insurance	100,000	100,000	109,964	(9,964)
Capital Expenditures	1,220,882	1,573,286	1,331,137	242,149
Other	37,500	37,500	37,722	(222)
Total Expenditures	<u>3,395,786</u>	<u>3,912,536</u>	<u>3,595,000</u>	<u>317,536</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(379,850)</u>	<u>299,593</u>	<u>546,870</u>	<u>247,277</u>
Other Financing Sources (Uses):				
Operating Transfers In	--	--	6,090	6,090
Operating Transfers Out	<u>(555,500)</u>	<u>(555,500)</u>	<u>(555,500)</u>	<u>--</u>
Total Other Sources (Uses)	<u>(555,500)</u>	<u>(555,500)</u>	<u>(549,410)</u>	<u>6,090</u>
Net Change in Fund Balances	(935,350)	(255,907)	(2,540)	253,367
Fund Balance, Beginning of Year	<u>6,171,810</u>	<u>6,171,810</u>	<u>6,171,810</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 5,236,460</u>	<u>\$ 5,915,903</u>	<u>\$ 6,169,270</u>	<u>\$ 253,367</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUND**

**JUNE 30, 2005**

	Business-type Activities - Enterprise Fund <u>AN/NH3 Facility</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,139,176
Accounts Receivable	302,374
Prepaid Expenses	<u>12,305</u>
Total Current Assets	<u>1,453,855</u>
Noncurrent Assets:	
Restricted Cash	239,853
Capital Assets:	
Tanks and Terminal	32,168,306
Tanks and Terminal - Improvements	523,282
Equipment	52,186
Less Accumulated Depreciation	<u>(5,374,879)</u>
Total Noncurrent Assets	<u>27,608,748</u>
Total Assets	<u>29,062,603</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	39,632
Deferred Revenue	<u>392,751</u>
Total Current Liabilities	<u>432,383</u>
Noncurrent Liabilities:	
Advances From Other Fund	<u>32,400,000</u>
Total Liabilities	<u>32,832,383</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt (Deficit)	(5,031,105)
Restricted for Capital Improvements	239,853
Unrestricted	<u>1,021,472</u>
Total Net Assets (Deficit)	<u>\$ (3,769,780)</u>

The accompanying notes are an integral part of the financial statements.



**CALHOUN COUNTY NAVIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2005**

	Business-type Activities - Enterprise Fund <u>AN/NH3 Facility</u>
Operating Revenues:	
Storage Fees	<u>\$ 3,474,327</u>
Operating Expenses:	
Maintenance and Operations	2,276,983
Utilities	240,145
Insurance	152,162
Security	<u>39,569</u>
	<u>2,708,859</u>
Operating Income Before Depreciation	765,468
Depreciation Expense	<u>951,939</u>
Operating Loss	<u>(186,471)</u>
Non-Operating Revenues (Expenses):	
Interest Income	26,356
Interest Expense	(599,525)
Other Expense	<u>(45,326)</u>
Non-Operating Revenues (Expenses), Net	<u>(618,495)</u>
Income (Loss) Before Transfers	(804,966)
Transfers Out	<u>(6,090)</u>
Change in Net Assets	(811,056)
Total Net Assets (Deficit) - Beginning	<u>(2,958,724)</u>
Total Net Assets (Deficit) - Ending	<u>\$ (3,769,780)</u>

The accompanying notes are an integral part of the financial statements.

# CALHOUN COUNTY NAVIGATION DISTRICT

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

YEAR ENDED JUNE 30, 2005

	Business-type Activities - Enterprise Fund <u>AN/NH3 Facility</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 3,362,465
Cash Paid to Suppliers	<u>(2,878,240)</u>
Net Cash Provided by Operating Activities	<u>484,225</u>
Cash Flows From Noncapital Financing Activities:	
Transfer to Other Funds	<u>(6,090)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(114,758)
Interest Paid	<u>(599,525)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(714,283)</u>
Cash Flows From Investing Activities:	
Interest Received	<u>26,356</u>
Net Decrease in Cash	(209,792)
Cash, Beginning of Year	<u>1,588,821</u>
Cash, End of Year (Including \$239,853 Reported in Restricted Accounts)	<u>\$ 1,379,029</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	\$ <u>(186,471)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	951,939
Other Expense	(45,326)
Increase in Accounts Receivable	(111,862)
Decrease in Prepaid Expenses	559
Decrease in Accounts Payable	<u>(124,614)</u>
Total Adjustments	<u>670,696</u>
Net Cash Provided by Operating Activities	<u>\$ 484,225</u>

The accompanying notes are an integral part of the financial statements.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 1: Reporting Entity**

Calhoun County Navigation District (the "District") was created as a conservation and reclamation district pursuant to Article XVI, Section 59 of the Texas Constitution by Chapter 195, Acts of the 53rd Texas Legislature, Regular Session, 1953. The District operates under a Board of Commissioners/Port Director form of government, and provides and maintains port facilities for shipping purposes.

The District was organized to facilitate the construction of a deep water navigation channel from the Gulf of Mexico to the Point Comfort, Calhoun County, Texas, dock facilities and turning basin. The District has patents to all lands upon which the channels and jetties are situated; however, the United States Army Corps of Engineers has control over the use and maintenance of the jetties.

The District's Commissioners are elected by the public and have the legal authority to govern, assess taxes and designate management. The District is financially independent with respect to any other subdivision, political or otherwise.

In the "Governmental Funds" financial statements of the District, the Special Revenue fund represents the Calhoun County Navigation Industrial Development Authority (the "Authority"), a non-profit industrial development corporation organized under the Development Corporation Act of 1979. The District's Board of Commissioners and Port Director also serve as the Board for the Authority, which gives the District oversight responsibilities with respect to the Authority. The Authority is considered a blended component unit of the District under the criteria of GASB Codification Section 2100. Separate financial statements of the Authority may be obtained from the office of the District.

**Note 2: Summary of Significant Accounting Policies**

The accounting and reporting policies of the District conform to generally accepted accounting principles, as applicable to governmental units. The following is a summary of such significant policies.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

## CALHOUN COUNTY NAVIGATION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

#### Note 2: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are properly excluded from program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in their respective fund financial statements.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

## CALHOUN COUNTY NAVIGATION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

#### Note 2: Summary of Significant Accounting Policies (Continued)

The government reports the following major governmental funds:

**General Fund --** This fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Industrial Development Authority --** This fund, which is a special revenue fund, is established to account for the operations of the Authority, a blended component unit of the District.

**Jetty Feasibility Project --** This fund, which is a capital project fund, is established to account for the major capital expenditures associated with the Jetty Feasibility Project.

The government reports the following major proprietary fund:

**Enterprise Fund --** This fund, called the AN/NH3 Facility, is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered through user charges.

Additionally, the government reports the following fund types:

**Capital Projects Funds --** These funds are used to account for major capital expenditures not financed by the Enterprise Fund.

**Debt Service Fund --** This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than debt payable from the Enterprise Fund.

**Other Special Revenue Funds --** These funds are used to account for grants and contributions received by the District from the Federal Government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 2: Summary of Significant Accounting Policies (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the AN/NH3 Facility enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Cash and Cash Equivalents**

The District's cash and cash equivalents are comprised entirely of its demand deposit accounts.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal" balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles, if applicable.

# CALHOUN COUNTY NAVIGATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### Note 2: Summary of Significant Accounting Policies (Continued)

#### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., wharves, docks, jetties, roads, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual costs of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, if applicable, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-30
Buildings	20-40
Equipment	5-20

#### Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond issuance costs, if applicable, are deferred and amortized over the life of the bonds using the straight-line method.

**CALHOUN COUNTY NAVIGATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 2: Summary of Significant Accounting Policies (Concluded)**

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Property Taxes**

Property taxes attach as an enforceable lien on property as of the due date, January 1. Taxes were levied on October 1, 2004, for the fiscal year ended June 30, 2005. The tax rate was set at \$0.0046 per \$100 valuation with an assessment ratio of 100% on an assessed value of \$1,953,298,944. Taxes are billed and collected by the Calhoun County Appraisal District.

**Transfers**

Transfers represent authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

**Budget**

An annual budget is adopted for the general fund on a basis consistent with generally accepted accounting principles. The budget has been properly amended by the Board of Commissioners during the year.



**CALHOUN COUNTY NAVIGATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 3: Cash**

As of June 30, 2005, the carrying amount of the District's deposits was \$7,826,056, and the bank balance was \$7,509,382. The District's depository bank, First National Bank, pledges securities as collateral for the District's deposits. The amount of the District's deposits covered by a combination of collateral and federal depository insurance at June 30, 2005, was as follows:

Securities Pledged As Collateral (at Market Value)	\$ 8,447,687
Federal Depository Insurance	<u>100,000</u>
Total Coverage	<u>\$ 8,547,687</u>

Accordingly, all of the District's deposits were covered by insurance or collateral at June 30, 2005.

**Note 4: Investments**

The District had no investments as of, or during the year ended, June 30, 2005.

**CALHOUN COUNTY NAVIGATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 5: Capital Assets**

Capital asset activity for the year ended June 30, 2005, was as follows:

	Capital Assets Not Depreciated		Capital Assets Depreciated			Totals
	Land	Infrastructure	Buildings	Equipment	Infrastructure	
<b>Governmental Activities:</b>						
Balance, June 30, 2004	\$ 783,548	\$ 92,345,385	\$ 2,227,884	\$ 1,119,299	\$ 332,363	\$ 96,808,479
Increases	367,723	1,311,012	97,245	241,995	143,632	2,161,607
Decreases	--	--	--	(48,748)	--	(48,748)
Balance, June 30, 2005	<u>1,151,271</u>	<u>93,656,397</u>	<u>2,325,129</u>	<u>1,312,546</u>	<u>475,995</u>	<u>98,921,338</u>
<b>Accumulated Depreciation:</b>						
Balance, June 30, 2004	--	--	1,136,724	353,605	12,268	1,502,597
Increases	--	--	61,438	92,074	17,554	171,066
Decreases	--	--	--	(33,775)	--	(33,775)
Balance, June 30, 2005	<u>--</u>	<u>--</u>	<u>1,198,162</u>	<u>411,904</u>	<u>29,822</u>	<u>1,639,888</u>
Capital Assets, Net	<u>\$ 1,151,271</u>	<u>\$ 93,656,397</u>	<u>\$ 1,126,967</u>	<u>\$ 900,642</u>	<u>\$ 446,173</u>	<u>\$ 97,281,450</u>
<b>Business-type Activities:</b>						
Balance, June 30, 2004	\$ --	\$ --	\$ --	\$ 497,294	\$ 32,131,723	\$ 32,629,017
Increases	--	--	--	78,175	36,583	114,758
Decreases	--	--	--	--	--	--
Balance, June 30, 2005	<u>--</u>	<u>--</u>	<u>--</u>	<u>575,469</u>	<u>32,168,306</u>	<u>32,743,775</u>
<b>Accumulated Depreciation:</b>						
Balance, June 30, 2004	--	--	--	59,893	4,363,048	4,422,941
Increases	--	--	--	22,719	929,220	951,939
Decreases	--	--	--	--	--	--
Balance, June 30, 2005	<u>--</u>	<u>--</u>	<u>--</u>	<u>82,612</u>	<u>5,292,268</u>	<u>5,374,880</u>
Capital Assets, Net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 492,857</u>	<u>\$ 26,876,038</u>	<u>\$ 27,368,895</u>

# CALHOUN COUNTY NAVIGATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### Note 5: Capital Assets (Concluded)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
Port Operations	\$ 15,046
Administration	<u>156,020</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 171,066</u>
Business-type Activities:	
AN/NH3 Facility	<u>\$ 951,939</u>

### Note 6: Bonds Payable

During the year ended June 30, 1998, the District, the Authority, and BP Chemicals, Inc. ("BPC") (BPC is now Innovene USA, LLC) entered into an interim financing agreement whereby the Authority agreed to construct a port storage tank and marine transfer facility (the "Facility"). BPC provided the interim financing to the Authority for the construction of the Facility, which would ultimately be owned and operated by the District.

Under the terms of the agreement, the Authority issued port revenue bonds (the "Bonds") during December 1998. Proceeds from the Bonds were used to repay BPC for the construction advances that it provided and to cover the cost of completion of the Facility. Once completed, the Facility was sold by the Authority to the District for \$30,000,000 under a seller-financing agreement. The resulting loan payable from the District to the Authority carries terms that are identical to those of the Bonds (see bonds' terms below). On the statement of net assets, the loan payable is reflected as "Internal Receivables" under Governmental Activities, and as "Internal Payables" under Business-type Activities. The bonds payable are reflected as "Noncurrent Liabilities Due in More Than One Year" under Governmental Activities. Accrued interest payable, if any, on the outstanding loan principal is included as a liability under business-type activities. On the Governmental Funds Balance Sheet, the loan payable is reflected as "Advances to Other Fund" under Special Revenue. On the Proprietary Fund Statement of Net Assets, the loan payable is reflected as "Advances From Other Fund".

**CALHOUN COUNTY NAVIGATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 6: Bonds Payable (Continued)**

In conjunction with the transactions described above, the District, the Authority, and BPC entered into several related agreements setting forth the following terms:

- BPC *fully guarantees* payment of the Bonds (including interest).
- BPC will be the primary user of, and have preferential rights to reserve the use of, the Facility.
- Revenue generated from Facility operations will be used to meet debt service obligations of the Bonds.
- BPC guarantees that payments to the District for use of the Facility will be in an amount adequate to cover operating costs of the Facility plus debt service obligations of the Bonds.
- After a period of 25 years (beginning with the initial delivery date of the Bonds), the Facility will be sold by the District through competitive bidding. BPC shall have the right of first refusal to acquire the Facility by matching the highest bid (if from a party other than BPC).

The terms of the Bonds are as follows:

**Issue** -- Calhoun County Navigation Industrial Development Authority Port Revenue Bonds (The British Petroleum Company p.l.c., guarantor), Series 1998

**Maturity Date** -- January 1, 2024

**Interest Rate** -- Variable (range of 0.98% to 3.11% during the year ended June 30, 2005)

Interest is paid periodically as it becomes due. Interest paid during the year ended June 30, 2005 totaled \$555,825. The entire principal balance of \$30,000,000 is due January 1, 2024.

On December 18, 2003, the Authority issued port revenue bonds of \$2,400,000, the proceeds of which were used to construct a new AN tank. The bonds were issued pursuant to agreements with terms very similar to the agreements used for the \$30,000,000 issue described above. The three parties to the agreements are the same for this \$2,400,000 issue as they were for the \$30,000,000 issue; and the accounting for the \$2,400,000 issue is identical to that of the \$30,000,000 issue.

The terms of the \$2,400,000 bond issue are as follows:

**Issue** -- Calhoun County Navigation Industrial Development Authority Port Revenue Bonds (BP p.l.c., guarantor), Series 2003

**Maturity Date** -- January 1, 2024

# CALHOUN COUNTY NAVIGATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### Note 6: Bonds Payable (Concluded)

**Interest Rate** -- Variable (range of 0.93% to 3.04% during the year ended June 30, 2005)

Interest is paid periodically as it becomes due. Interest paid during the year ended June 30, 2005 totaled \$43,700. The entire principal balance of \$2,400,000 is due January 1, 2024.

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Port Revenue Bonds	\$ 32,400,000	\$ -0-	\$ -0-	\$ 32,400,000	\$ -0-

Using the interest rates in effect at June 30, 2005, the estimated interest payments due each year through June 30, 2023 would be \$810,480. For the year ended June 30, 2024, the principal and estimated interest payments will be \$32,400,000 and \$405,240, respectively.

### Note 7: Revenue Bonds Issued on Behalf of Others

The Authority and the District have assisted industries within the district by issuing revenue bonds on their behalf (see Note 1). For each of these bond issues, the Authority or the District acted as an issuing conduit so that the user of the bond proceeds benefited from reduced debt service requirements. The users of the bond proceeds pledge their credit, bear sole responsibility for all debt service, make all payments directly to the trustee, and completely indemnify the Authority and the District for any costs incurred. Therefore, these bonds do not constitute indebtedness of the Authority or the District and are not reported in the District's financial statements.

Revenue bonds outstanding at June 30, 2005, are as follows:

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding at 06-30-05</u>
Port Revenue Bonds (Formosa Plastics Corporation, Texas Project)					
1994	10-01-94	11-01-15	Variable	\$ 48,500,000	\$ 48,500,000
Port Revenue Bonds (Formosa Plastics Corporation, Texas Project)					
2000	05-12-00	05-01-20	Variable	\$ 5,500,000	\$ 5,500,000

# CALHOUN COUNTY NAVIGATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### Note 7: Revenue Bonds Issued on Behalf of Others (Concluded)

<u>Series</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Effective Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding at 06-30-05</u>
Solid Waste Disposal Revenue Bonds (Formosa Plastics Corporation)					
2000	05-12-00	05-01-25	Variable	\$ 25,000,000	\$ 25,000,000
Solid Waste Disposal Revenue Bonds (Formosa Plastics Corporation)					
2001	05-02-01	05-01-31	Variable	\$ 25,000,000	\$ 25,000,000
Pollution Control Revenue Bonds (Formosa Plastics Corporation)					
2002	09-01-02	09-01-32	Variable	\$ 10,000,000	\$ 10,000,000
Environmental Facilities Revenue Bonds (Formosa Plastics Corporation)					
2004	05-01-04	05-01-34	Variable	\$ 13,775,000	\$ 13,775,000

### Note 8: Lawsuits

The District is subject to claims and lawsuits which arise primarily in the ordinary course of business. At June 30, 2005, management was aware of one lawsuit against the District. However, both management and the District's legal counsel believe that this lawsuit will not have a material adverse effect on the financial position of the District.

### Note 9: Operating Leases

The District leases buildings, land, pipelines, and easements, the original cost of which can not be readily determined, to several entities under operating leases expiring in various years through 2031. At June 30, 2005, minimum future rental revenues are expected to be as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2006	\$ 220,863
2007	173,557
2008	172,464
2009	160,401
2010	152,395
Thereafter	<u>1,809,404</u>
Total	<u>\$ 2,689,084</u>

Total revenue from operating leases for the year ended June 30, 2005 was \$297,983.

# CALHOUN COUNTY NAVIGATION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

### Note 10: Deferred Compensation Plan

The District offers its employees and board members a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time District employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. The deferred compensation is available to employees' beneficiaries in the case of death.

Eligibility of employees for District contributions to the plan will be one year of full-time, uninterrupted employment. District contributions to the plan on behalf of employees are as follows:

<u>Years of Employment</u>	<u>% of Base Annual Salary Contributed</u>
One	2.17%
Two	4.34%
Three or More	6.50%

Board members are eligible for District contributions to the plan upon commencement of their elected terms. District contributions to the plan on behalf of board members are fixed at \$125 per month per member. However, board members are not considered to be employees of the District. Accordingly, board members are not allowed to defer any portion of their board service fees into the plan.

The District contributes to the plan on behalf of all eligible employees and board members. For the fiscal year ended June 30, 2005, the District contributed \$39,937 to the plan.

All assets of the Plan are held in trust by an independent administrator for the exclusive benefit of participants and their beneficiaries.

### Note 11: Compensated Absences

District employees are not paid for unused sick days upon termination. However, the District's personnel policy authorizes the District to purchase up to 56 hours of unused sick leave annually from each full-time employee.

The amount of vacation pay due to employees as of June 30, 2005, is immaterial to the financial statements taken as a whole. Consequently, no liability has been accrued for compensated absences.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**Note 12: Commitments and Contingencies**

The District has budgeted about \$1,300,000 for capital improvements during the fiscal year ending June 30, 2006.

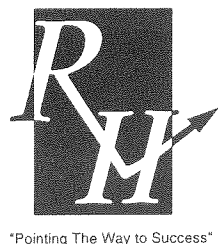
The District has a contract with the Lavaca-Navidad River Authority ("LNRA") whereby LNRA must provide up to 410 acre-feet of water per year to the District. The District must pay for the water, whether or not taken. The District pays for the water monthly at variable rates determined by the Board of Directors of LNRA. The contract expires in 2025. The amount paid by the District for the year ended June 30, 2005, was \$63,157.

Adjacent to the port facility is an electricity generation plant that has not been in operation for several years. In July 2004, the District purchased the plant, and surrounding 170 acres, from E. S. Joslin, LP for \$50,000. In January 2005, an outside party signed an option to purchase the facility. If exercised, the purchase price will be \$15,000,000. In addition, the District will be obligated, at its sole expense, to construct a dock to accommodate the needs of the new owner. During the option period, the District is receiving an option fee of \$15,000 per month. The extent of environmental remediation, if any, has not yet been fully determined.

In October 2004, the District entered into an interim financing agreement with Gulf Coast LNG Partners, LP, whereby Gulf Coast is leasing a potential project site from the District for \$4,166.67 per month. If the project comes to fruition, a liquefied natural gas (or LNG) storage and/or operation facility will be constructed on the District's property. The cost of the project could be as much as \$450,000,000. If built, the financing and leasing arrangement is expected to be similar to that described in Note 6.



## **SUPPLEMENTARY INFORMATION SECTION**



# Roloff, Hnatek & Co., L.L.P.

Certified Public Accountants  
Financial Consultants  
Business Advisors

-35-

## INDEPENDENT AUDITORS' REPORT

Lloyd Hurst, Jr. CPA  
John T. McQuillen, CPA  
Paul B. Holm, CPA  
Russell A. Hodon, CPA  
Christopher L. Culak, CPA

**REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

One Twenty South Main, Suite 300  
P. O. Box 2486  
Victoria, Texas 77902-2486  
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Board of Commissioners  
Calhoun County Navigation District  
Point Comfort, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calhoun County Navigation District as of and for the year ended June 30, 2005, which collectively comprise Calhoun County Navigation District's basic financial statements and have issued our report thereon dated August 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calhoun County Navigation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calhoun County Navigation District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the Texas Commission on Environmental Quality, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Roloff, Hnatek and Co., L.L.P.*

Certified Public Accountants

August 30, 2005

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2005**

There were no findings and/or questioned costs noted requiring disclosure.

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2005**

**Item 2004-1**

There was a lack of segregation of accounting duties relating to the District's bank accounts.

The District contracted with an independent bookkeeper to perform the following procedures on a quarterly basis:

- Open and review all bank statements
- Prepare all bank reconciliations
- Review bank reconciliations prepared by the District's accountant
- Prepare a schedule of transfers among bank accounts
- Review all journal entries prepared by the District's accountant during the preceding quarter
- Scan the monthly general ledgers for the preceding quarter

# CALHOUN COUNTY NAVIGATION DISTRICT

## SCHEDULE OF PRINCIPAL TAXPAYERS

TAX YEAR 2005

-UNAUDITED-

Taxpayer	Type of Business	Prior Year's Ranking	Market Value	Abatements <sup>1</sup>	2005 Assessed		Percent (%) of Total Assessed Valuation <sup>2</sup>
					Value (Excluding Abatement Value)	Value	
1 Formosa Plastics Corp., Texas	Chemical Manufacturer	1	\$ 1,415,241,851	\$ 667,656,016	\$ 747,585,835		38.27%
2 Formosa Plastics Corp., America	Chemical Manufacturer	2	236,815,662	27,507,800	209,307,862		10.72
3 Alcoa World Alumina, LLC	Aluminum/Chemical Manufacturer	3	175,264,760	34,406,900	140,857,860		7.21
4 Formosa Utility Venture, LTD	Private Utility Company	4	145,893,320	8,320,500	137,572,820		7.04
5 Nan Ya Plastics Corp., America	Chemical Manufacturer	5	100,333,271	-0-	100,333,271		5.14
6 Formosa Transrail Corp.	Transportation Company	6	40,245,070	-0-	40,245,070		2.06
7 AEP Central Power & Light Company	Electrical Utility Company	7	22,968,630	178,640	22,789,990		1.17
8 Neumin Production Company	Natural Gas Company	10	21,429,040	-0-	21,429,040		1.10
9 King Fisher Marine Service, Inc.	Marine Construction Company	8	13,024,072	57,217	12,966,855		.66
10 Formosa Hydrocarbons	Oil and Gas Production	--	12,596,240	-0-	12,596,240		.64
Totals			\$ 2,183,811,916	\$ 738,127,073	\$ 1,445,684,843		74.01%

<sup>1</sup> Abatements, Foreign Trade Zone, Pollution and Agricultural Exemptions

<sup>2</sup> Adjusted Amount - \$1,953,298,944

Source: Calhoun County Appraisal District

-UNAUDITED-

**CALHOUN COUNTY NAVIGATION DISTRICT**  
**SCHEDULE OF INSURANCE COVERAGE**

**JUNE 30, 2005**  
**-UNAUDITED-**

Type of Coverage	Carrier	Policy No.	Policy Period		Premium	Amount of Coverage	Amount of Deductible
			From	To			
Workers Compensation Insurance	Texas Municipal League	8713	10-01-04	10-01-05	\$ 14,382	Statutory Limit	N/A
General Liability	Texas Municipal League	8713	10-01-04	10-01-05	7,410	\$ 1,000,000	\$ 5,000
Errors and Omissions Liability	Texas Municipal League	8713	10-01-04	10-01-05	1,817	500,000	5,000
Automobile	Texas Municipal League	8713	10-01-04	10-01-05	1,285	500,000	5,000
Property Insurance	Birmingham Fire Insurance	TXF8358749-12	08-01-04	06-30-05	22,737	3,035,500	100
Equipment	Essex Insurance Co.	4CC1111	07-02-04	06-30-05	52,117	183,238	1,000/500
Inland Marine AN/NH3 Facilities	Great American Insurance Co.	ST 260 87 18	05-15-04	06-30-05	12,127	17,000,000	10,000,000/Secondary Direct Damage Other Than Earthquake or Flood
Inland Marine AN/NH3 Facilities	Liberty Surplus Insurance	5D090045001012	05-15-04	06-30-05	161,772	32,400,000	50,000/All Property 100,000/Earthquake 100,000/Flood 3,000,000/Named Windstorm 10,000/Contractor Equipment
Excess Flood	Great American Insurance Co.	IMP669633000	07-01-04	06-30-05	19,005	26,309,500	50,000
Windstorm & Hail	TWIA	19718006	08-09-04	06-30-05	14,818	3,087,500	1,000
Customs Bond	Universal Surety	TX0915818	08-15-04	06-30-05	2,000	100,000	N/A
Official Bond & Oath	Western Surety		05-06-02	05-06-06	1,065	6 @ 1,000	N/A
Notary Public Bonds	Old Republic Surety		05-08-97	Continuous		2,500	N/A
Fidelity Bond	Fidelity & Deposit Co.	CCP001207109	08-01-04	08-01-05	422	100,000	1,000

Source: Calhoun County Navigation District

**-UNAUDITED-**

# CALHOUN COUNTY NAVIGATION DISTRICT

## CARGO TRAFFIC STATISTICS

YEARS ENDED JUNE 30, 2005, 2004, 2003, 2002, AND 2001

-UNAUDITED-

	2005		2004		2003		2002		2001	
	Tonnage	Port Percentage	Tonnage	Port Percentage	Tonnage	Port Percentage	Tonnage	Port Percentage	Tonnage	Port Percentage
Liquid Bulk Cargo .....	4,876,695.1	99.984	5,249,594.9	99.941	5,633,832.6	99.789	4,665,994.6	99.863	3,592,560.4	99.777
Dry Bulk Cargo .....	794.1	0.016	3,103.2	0.059	11,925.0	0.211	6,278.0	0.134	8,036.8	0.223
Other .....	0.0	0.000	0.0	0.000	0.0	0.000	105.5	0.003	0.0	0.000
Totals .....	<u>4,877,489.2</u>	<u>100.000%</u>	<u>5,252,698.1</u>	<u>100.000%</u>	<u>5,645,757.6</u>	<u>100.000%</u>	<u>4,672,378.1</u>	<u>100.000%</u>	<u>3,600,597.2</u>	<u>100.000%</u>
Tonnage/Percent Export .....	1,699,842.2	34.851%	1,762,464.6	33.554%	2,031,743.4	35.987%	2,118,871.5	45.349%	1,727,043.2	47.966%
Tonnage/Percent Import .....	1,857,786.3	38.089	1,915,661.9	36.470	1,919,191.8	33.994	1,373,773.5	29.402	869,918.3	24.160
Tonnage/Percent Domestic .....	<u>1,319,860.7</u>	<u>27.060</u>	<u>1,574,571.6</u>	<u>29.976</u>	<u>1,694,822.4</u>	<u>30.019</u>	<u>1,179,733.1</u>	<u>25.249</u>	<u>1,003,635.7</u>	<u>27.874</u>
Totals .....	<u>4,877,489.2</u>	<u>100.000%</u>	<u>5,252,698.1</u>	<u>100.000%</u>	<u>5,645,757.6</u>	<u>100.000%</u>	<u>4,672,378.1</u>	<u>100.000%</u>	<u>3,600,597.2</u>	<u>100.000%</u>
Ships	271		252		276		266		230	
Barges	<u>909</u>		<u>746</u>		<u>773</u>		<u>529</u>		<u>523</u>	
Totals	<u>1,180</u>		<u>998</u>		<u>1,049</u>		<u>795</u>		<u>753</u>	

Source: Calhoun County Navigation District

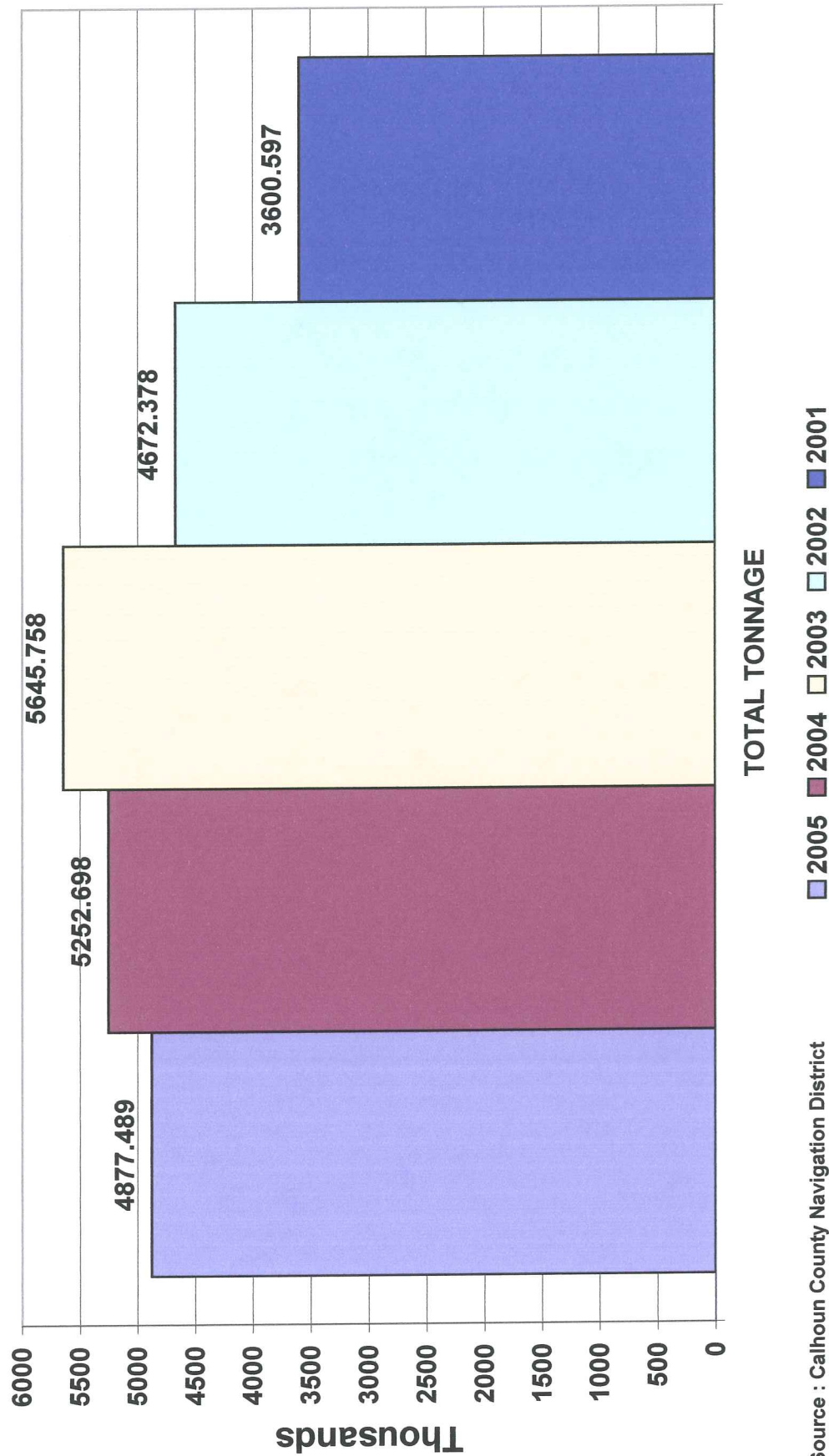
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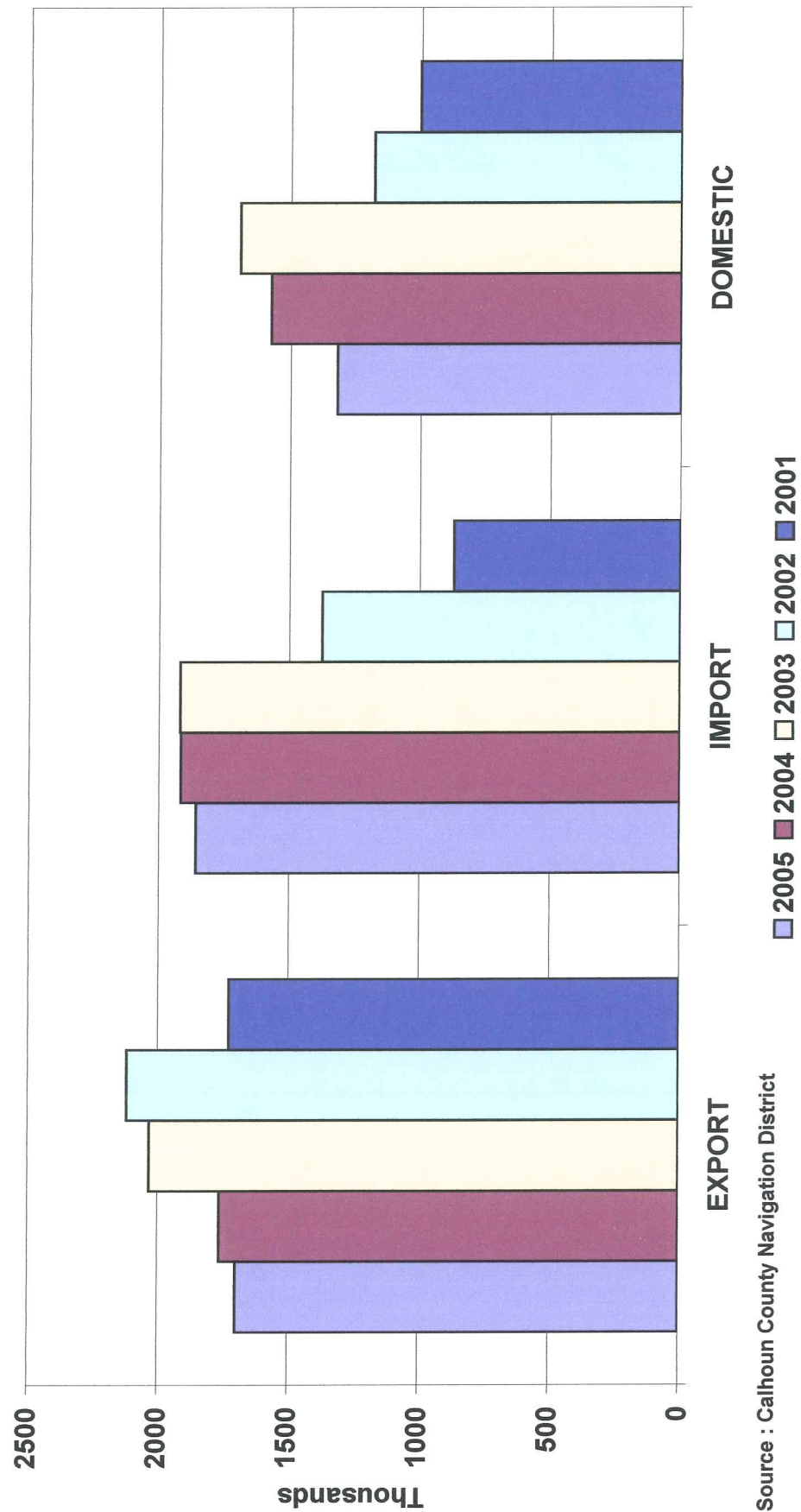
# CALHOUN COUNTY NAVIGATION DISTRICT

## TOTAL TONNAGE BY YEAR

(Unaudited)

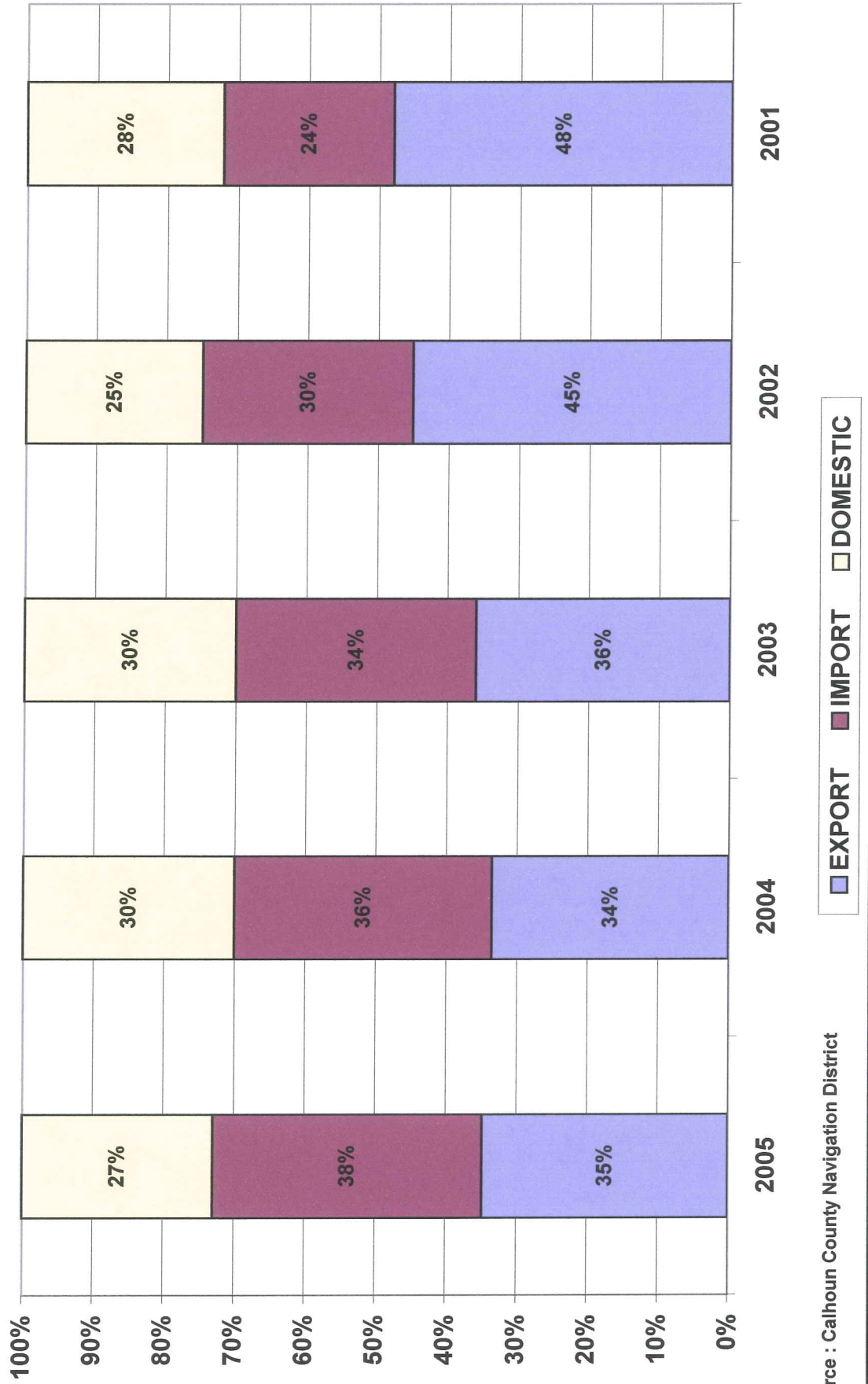


# CALHOUN COUNTY NAVIGATION DISTRICT TONNAGE BY CATEGORY (Unaudited)

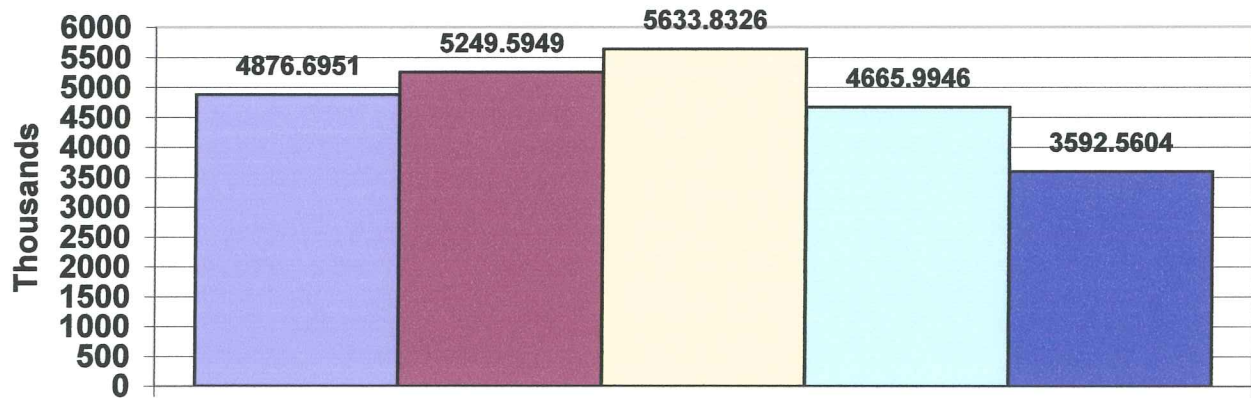


Source : Calhoun County Navigation District

# CALHOUN COUNTY NAVIGATION DISTRICT PERCENT TONNAGE BY CATEGORY (Unaudited)



## CALHOUN COUNTY NAVIGATION DISTRICT LIQUID BULK CARGO IN TONS (Unaudited)

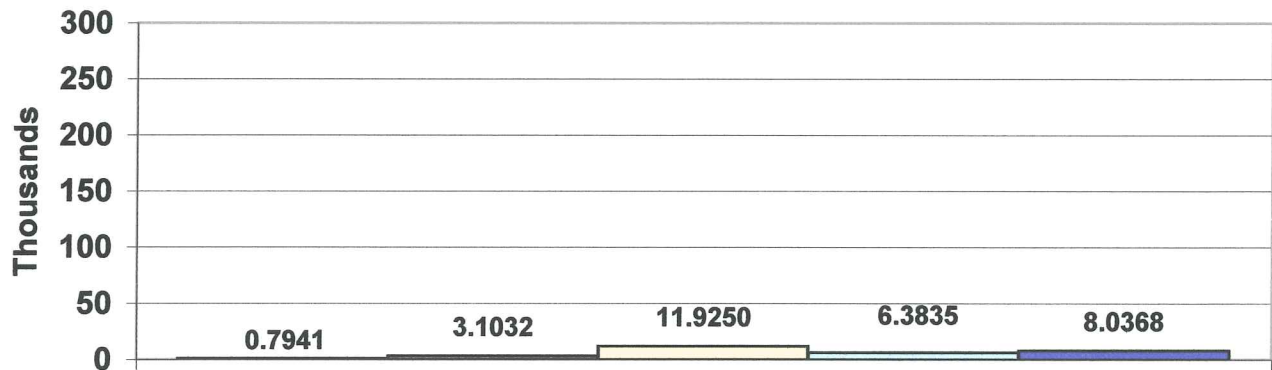


Liquid bulk cargo comprised 99.98%, 99.94%, 99.79%, 99.86% and 99.78% of total tonnage in 2005, 2004, 2003, 2002 and 2001 respectively.

**Liquid Bulk Cargo**

■ 2005 ■ 2004 ■ 2003 ■ 2002 ■ 2001

## CALHOUN COUNTY NAVIGATION DISTRICT OTHER CARGO IN TONS (Unaudited)



Other cargo comprised .02%, .06%, .21%, .14% and .22% of total tonnage in 2005, 2004, 2003, 2002 and 2001 respectively.

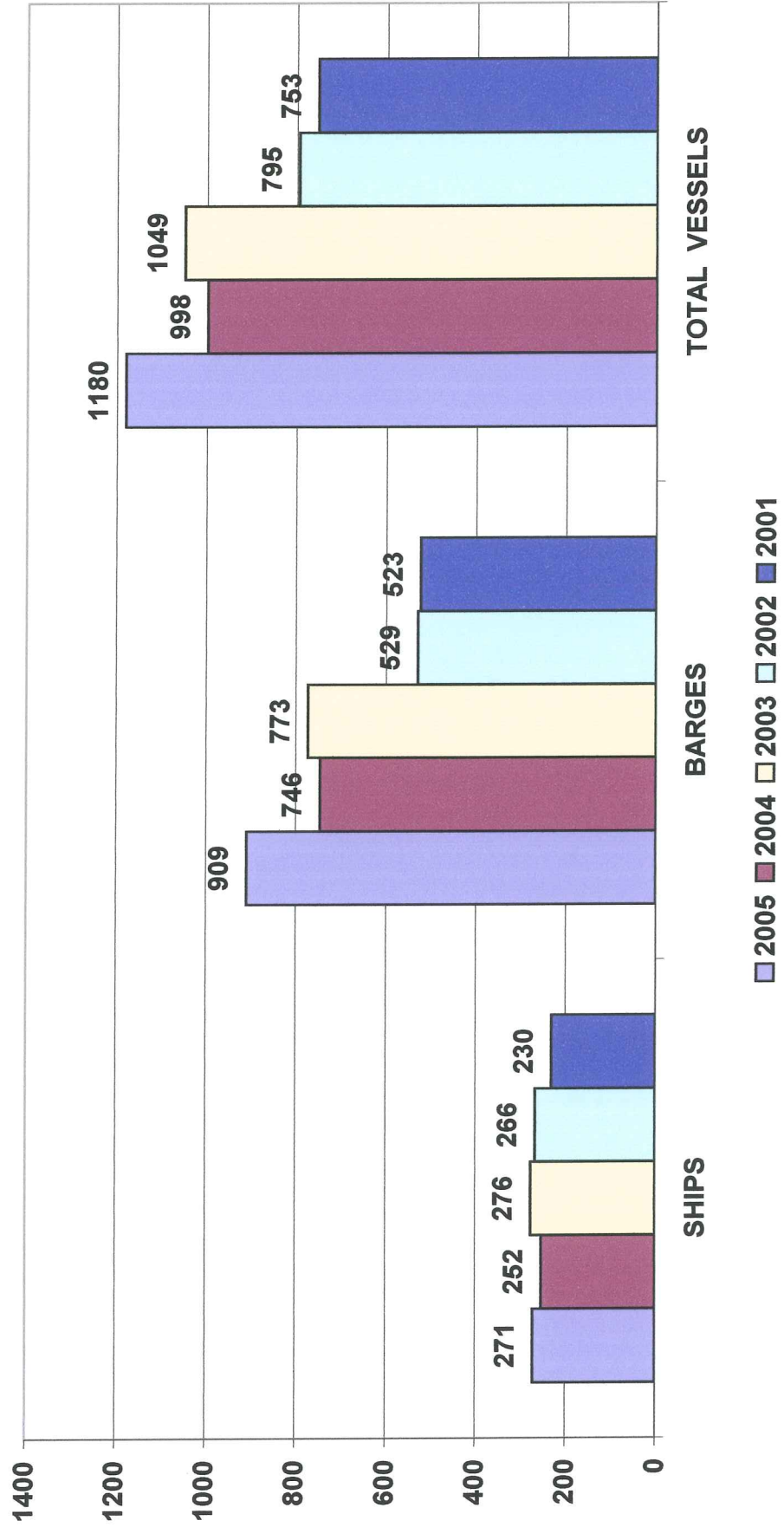
**Other Cargo**

■ 2005 ■ 2004 ■ 2003 ■ 2002 ■ 2001

Source : Calhoun County Navigation District



# CALHOUN COUNTY NAVIGATION DISTRICT NUMBER OF VESSELS (Unaudited)



Source : Calhoun County Navigation District